

Message Text

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ACTION NEA-06

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C O N F I D E N T I A L TEHRAN 10729

LIMDIS

E.O. 11652: GDS

TAGS: ETEL

SUBJ: SATELLITE COMMUNICATIONS PROJECT (AKA PEACE SCEPTER III OR
PEACE SWITCH)

REF: A) TEHRAN 190 B) TEHRAN 8493

SUMMARY: DISCUSSION WITH PTT MINISTER INDICATES IRANIANS HAVE MADE
NO DECISIONS ON ORGANIZATION FOR MASSIVE SATELLITE-BASED, MILITARY/
CIVILIAN, COMMUNICATIONS PROJECT. GOI SI AWAITING BRIEFING BY USAF
BEFORE DECIDING HOW PROJECT WILL BE MANAGED. PTT IS VERY INTERESTED
IN OBTAINING USG ASSISTANCE IN OVERALL SUPERVISION OF PROJECT.
ACTION REQUESTED: WE WOULD APPRECIATE GUIDANCE AS TO WHAT WE MAY TELL
GOI RE USG WILLINGNESS TO ASSIST IN MONITORING THIS PROJECT. END
SUMMARY

ON DECEMBER 18 ECONCOUNS AND EMBOFF CALLED ON PTT MINISTER MOTAMEDI
FOR DISCUSSION OF HIS MINISTRY'S VIEW ON COMMUNICATIONS DEVELOPMENT
IN IRAN, ESPECIALLY HIS THINKING ON LARGE-SCALE COMMUNICATIONS
PROJECT USUALLY KNOWN AS PEACE SCEPTER III. FOLLOWING PARAGRAPHS
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SUMMARIZE CONVERSATION.

A. RELATIONSHIP OF MILITARY AND CIVILIAN COMPONENTS OF PROJECT.

MOTAMEDI OBSERVED THAT CIVILIAN AND MILITARY REQUIREMENTS FOR PROJECT NECESSARILY WOULD BE QUITE DIFFERENT. FOR EXAMPLE, THERE WILL BE SEVERAL THOUSAND CIVILIAN LOCATIONS WHICH WOULD NEED STATIONS DESIGNED FOR RECEPTION ONLY. MILITARY SITES, HOWEVER, WOULD NEED BARELY 50 SUCH RECEIVER-ONLY STATIONS. IIAF SITES WOULD DEMAND JOINT RECEIVER AND TRANSMITTER INSTALLATIONS. THEREFORE, IT WOULD BE SOMEWHAT COMPLICATED FOR ONE PROJECT MANAGER AND A SINGLE CONTRACTOR TO DO BOTH CIVILIAN AND MILITARY ASPECTS OF PROJECT. NEVERTHELESS, HE NOTED, JOINT CIVILIAN/MILITARY OPERATIONS HAD PROVED MANAGEABLE IN INTS PROJECT. MOTAMEDI SAID THAT DECISION WHETHER IT WOULD BE ONE MANAGEMENT GROUP HANDLING BOTH MILITARY AND CIVILIAN SECTOR OR TWO GROUPS HANDLING SECTORS SEPARATELY HAD NOT BEEN DETERMINED. HE IMPLIED THAT IRANIAN AIR FORCE'S WISHES IN THIS REGARD WOULD CARRY CONSIDERABLE INFLUENCE. FOR THE MOMENT ALL DECISION-MAKING BY GOI WAS HELD UP, PENDING PEACE SCEPTER BRIEFING PROMISED BY USAF.

B. SATELLITES: ALTHOUGH MOTAMEDI SAID THAT NO FINAL DECISION HAD BEEN TAKEN ON ROLE FOR SATELLITES IN PROJECT, HE IS PLAINLY COUNTING ON A SATELLITE-BASED SYSTEM. HE DISCUSSED WHETHER THERE MIGHT BE A SEPARATE SATELLITE FOR MILITARY USE AND ANOTHER ONE OR TWO FOR CIVILIAN USE. IT WAS POSSIBLE THAT MILITARY AND CIVILIAN USERS MIGHT SHARE SAME SATELLITE. IN THIS CONNECTION WE ALSO DISCUSSED RELATED PROJECT FOR 3,000 VILLAGE COMMUNICATIONS SITES (PROJECT VILCOM) WHICH WOULD BE ESSENTIAL TERRESTRIAL SYSTEM AND TELEPHONE SWITCHING CONTRACT WHICH IS SOON TO BE AWARDED (TEHRAN 10698).

C. AT&T ROLE: MOTAMEDI SAID THERE WERE 2 PROBLEMS WITH ACCEPTANCE OF AT&T OFFER TO STUDY, DEVELOP, AND MANAGE SATELLITE PROJECT: FIRST, AT&T, THROUGH ITS SUBSIDIARIES, WAS A SUPPLIER OF HARDWARE. AS A MATTER OF PRINCIPLE GOI DID NOT LIKE TO TAKE ADVICE FROM COMPANY THAT ALSO SOLD EQUIPMENT. SECOND, GOI HAD NO BASIS IN ITS EXPERIENCE FOR DETERMINING WHETHER FEE THAT AT&T WOULD CHARGE WOULD BE APPROPRIATE FOR SIZE OF PROJECT AND RANGE OF WORK TO BE DONE. PROJECT WAS TOO COMPLEX FOR GOI TO BE ABLE TO SAY WHETHER IT WAS RECEIVING A FAIR DEAL FROM AT&T. NEVERTHELESS, MOTAMEDI ADMITTED THAT NO COMPANY IN THE WORLD COULD OUT-PERFORM AT&T IN THE WORK GOI HAD IN MIND. HE INDICATED THAT GOI WOULD PREFER TO DEAL WITH AT&T RATHER THAN OTHER FOREIGN GROUPS, IF WAYS COULD BE FOUND TO GET

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AROUND PROBLEMS CITED.

D. USG ROLE: AS WE WERE ABOUT TO TERMINATE CONVERSATION, MOTAMEDI ASKED IF IT MIGHT NOT BE POSSIBLE TO OBTAIN USG ASSISTANCE IN OVERALL MANAGEMENT OF PROJECT. HE DESCRIBED GOI'S EXTREME DISSATISFACTION WITH PERFORMANCE OF INTS CONSORTIUM, SPECIFICALLY ITS FAILURE TO MEET CONTRACT SPECIFICATIONS AND CONTINUING COST OVERRUNS. HE SAID THAT CONTRACT MIGHT HAVE TO GO TO ARBITRATION. GOI WISHED TO

AVOID THAT EXPERIENCE IN SATELLITE PROJECT. MOHAMEDI WONDERED IF USG COULD PROVIDE SUPERVISION OF THAT CONTRACT, IF IT WERE AWARDED TO AT&T. HE SEEMED TO HAVE IN MIND AN "FMS TYPE" ARRANGEMENT UNDER WHICH A USG AGENCY WOULD MONITOR CONTRACTOR PERFORMANCE, ASSURE THAT SPECIFICATIONS WERE MET, AUDIT CONTRACT TO GUARANTEE THAT CONTRACTOR WAS CHARGING GOI A FAIR PRICE AND PREPARE REGULAR REPORTS FOR GOI. WE SAID THAT, AS USG HAD NO COMPARABLE DEPARTMENT TO PTT, THIS WOULD NOT BE AN EASY THING FOR US TO ARRANGE. MOTAMEDI SAID HE DID NOT CARE WHETHER DOD, FCC OR STATE WERE IN CHARGE OF MONITORING AGENCY. WE REPLIED THAT WE WOULD CERTAINLY EXPLORE POSITION AND HAVE A REPLY FOR THE MINISTER WITHIN A SHORT TIME.

ACTION REQUESTED: AS STATE AND DOD ARE AWARE, WE ARE DEALING WITH A PROJECT THAT COULD BRING SEVERAL BILLION DOLLARS WORTH OF BUSINESS TO US FIRMS. WE ARE CONFIDENT THAT IF USG DEVELOPED SUCCESSFUL ADVISORY TIES TO PTT, THERE WOULD BE SPILL-OVER IN OTHER COMMUNICATIONS PROJECTS. WE ARE COGNIZANT OF DIFFICULTIES THAT HAVE BESET USAF/DOD CONSIDERATION OF THIS PROJECT DURING PAST YEAR, AND ARE PLEASED THAT WE NOW SEEM TO BE ON PATH TO SOLUTION OF OUR INTERNAL PROBLEMS. ONCE USAF BRIEFING IS MADE AND RANGE OF OPTIONS PRESENTED TO IRANIANS, THEY WILL BE EAGER TO TAKE DECISIONS. WE URGE THAT STATE AND DOD GIVE VERY CAREFUL THOUGHT TO PROVIDING SUPERVISORY SERVICE THAT MOHAMEDI HAS REQUESTED. IN OUR VIEW, THIS COULD COME EITHER UNDER DOD FMS AUSPICES OR WITHIN CONTEXT OF JOINT COMMISSION ON COOPERATION. AMBASSADOR FEELS THAT IMPORTANCE OF COMMUNICATIONS PROJECT MERITS PLACING IT ON AGENDA FOR COOPERATION COMMISSION. WE HOPE WE CAN BE FLEXIBLE AND IMAGINATIVE IN RESPONDING TO MOTAMEDI'S PROPOSAL AND WE ASK FOR WASHINGTON'S VIEWS AT AN EARLY DATE. WE ARE READY TO PROVIDE DEPARTMENT ADDITIONAL INFORMATION IF REQUIRED.

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